

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:	:	CHAPTER 11
	:	
400 WALNUT ASSOCIATES, L.P.	:	BANKRUPTCY NO. 10-16094(SR)
	:	
Debtor	:	
	:	

**APPLICATION OF DEBTOR FOR AN ORDER (1) APPROVING THE
RETENTION OF LUDWIG CORPORATION AS REAL ESTATE APPRAISER
PURSUANT TO 11 U.S.C. § 327(a) AND FED.R.BANKR.P. 2014 AND (2)
AUTHORIZING THE DEBTOR TO PAY IN ADVANCE FOR APPRAISAL REPORT**

400 Walnut Associates, L.P. (the “Debtor”), by and through its counsel, Maschmeyer Karalis P.C., hereby respectfully applies (the “Application”) for its retention of Ludwig Corporation (“Ludwig”) as real estate appraiser pursuant to 11 U.S.C. § 327(a) and Fed.R.Bankr.P. 2014 and for authority to pay Ludwig in advance for its appraisal report (the “Report”), and in support thereof, respectfully states as follows:

BACKGROUND

1. On July 23, 2010 (the “Petition Date”), the Debtor filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (as amended, the “Bankruptcy Code”).

2. Since the Petition Date, the Debtor has continued to operate its business and manage its property as a debtor-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

3. A detailed description of the Debtor’s business and the facts precipitating the filing of the Debtor’s Chapter 11 proceeding is set forth in the Certification of John Turchi in support of the Debtor’s various “First Day Motions”. Those facts, to the extent relevant, are incorporated herein by reference.

4. No trustee or examiner has been appointed in this case. No official committee of unsecured creditors has been appointed in this case.

5. The Debtor owns the real property located at 400-414 Walnut Street, Philadelphia, Pennsylvania 19106 (the "Property").

6. The Property consists of sixty-eight (68) luxury residential apartment units and one (1) commercial unit.

7. The Property is located in a historic district that is listed in the National Register of Historic Places maintained by the Department of the Interior pursuant to the National Historic Preservation Act of 1966 and the National Park Service has certified that the Property is of historic significance to that district.

8. On August 6, 2010, 4th Walnut Associates, L.P. ("4th Walnut") filed a Motion for Relief from the Automatic Stay pursuant to 11 U.S.C. § 362(d) (the "Relief Motion") [Docket No. 34].

9. On August 20, 2010, the Debtor filed its Response and Affirmative Defenses to the Relief Motion [Docket No. 49].

PROPOSED RETENTION OF LUDWIG

10. The Debtor seeks to employ and retain Ludwig as its real estate appraiser pursuant to the terms put forth in the engagement agreement dated October 12, 2010 (the "Engagement Agreement") attached hereto as Exhibit "A" and made a part hereof.

11. The Debtor requires a real estate appraiser to:

- (a) Prepare the Report for the Property;
- (b) Review any appraisal report prepared by 4th Walnut or any appraisal report that 4th Walnut intends to use at the hearing on the Relief Motion or in

connection to a hearing on confirmation of the Debtor's plan of reorganization;

- (c) Prepare a rebuttal appraisal report (if necessary);
- (d) Testify as an expert witness in connection to the Relief Motion; and
- (e) Testify as an expert witness in support of confirmation of the Debtor's plan of reorganization.

12. The Debtor has determined, in the exercise of its business judgment, that it requires an experienced real estate appraiser in connection with its Chapter 11 case.

13. The Debtor selected Ludwig as its real estate appraiser because of Ludwig's extensive and diverse experience, knowledge and reputation in the appraisal of real estate and because the Debtor believes that Ludwig possesses the requisite resources and is well qualified to provide the services that will be required.

14. Ludwig's practice is to provide appraisal reports for a fixed fee payable half up front and half at the time of delivery of the report.

15. In this case, Ludwig is requiring that the Debtor pay the sum of \$4,250.00 upon the entry of an Order approving its employment and the sum of \$4,250.00 at the time of delivery of the Report (for a total fee of \$8,500.00) and will bill at the rate of \$325.00 per hour for all other services provided to the Debtor.

16. In light of the nature of the services to be provided by Ludwig, the Debtor respectfully requests that this Honorable Court not only authorize the Debtor to employ Ludwig but for authority to pay Ludwig's flat fee as put forth herein.

17. All other compensation to be paid to Ludwig, other than the fee associated with the Report, for services rendered on the Debtor's behalf pursuant to the terms set forth

in the Application and the Engagement Agreement, shall be fixed by application to this Court in accordance with §§ 330 and 331 of the Bankruptcy Code, such Rules of Local and Federal Bankruptcy Procedure as may then be applicable, and/or any alternative arrangement for interim compensation as may be authorized by the Court.

18. To the best of the Debtor's knowledge, (i) Ludwig does not have any connection with the Debtor, its creditors or any other party in interest, or their respective attorneys and accountants, (ii) is a "disinterested person," as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and (iii) does not hold or represent any interest adverse to the Debtor or its estate, except as set forth herein and the Verified Statement of Barry S. Ludwig (the "Verified Statement"). The Verified Statement is attached hereto as Exhibit "B" and made a part hereof.

19. Ludwig has indicated a willingness to act on behalf of the Debtor in accordance with the terms of this Application and the Engagement Agreement.

20. The Debtor believes that it is necessary and in the best interests of its estate and creditors to employ and retain Ludwig to render the professional services described herein on its behalf.

[INTENTIONALLY LEFT BLANK]

WHEREFORE, the Debtor respectfully requests that the Court enter an Order (i) approving its retention of Ludwig as its real estate appraiser, (ii) authorizing the payment of \$8,500.00 to Ludwig as put forth in the Motion, (iii) and granting such other relief as the Court deems just and appropriate under the circumstances.

Respectfully submitted,

MASCHMEYER KARALIS P.C.

By: /s/ Robert W. Seitzer
ARIS J. KARALIS
ROBERT W. SEITZER
1900 Spruce Street
Philadelphia, PA 19103
(215) 546-4500
Attorneys for the Debtor

Dated: October 12, 2010